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OFFICE OF
INSURANCE COMMISSIONER

In The Matter Of:

FIRST AMERICAN TITLE
INSURANCE COMPANY

An Authorized Insurer

No. D07-154

CONSENT ORDER
LEVYING A FINE

Comes Now the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080, and makes the following:

FINDINGS OF FACT:

1. First American Title Insurance Company ("FATCO") is authorized to issue title insurance in Washington.
2. The Office of the Insurance Commissioner examined the expense records of FATCO for the period from November 15, 2006 through February 15, 2007 in King, Pierce, and Snohomish Counties, Washington. The examination was to determine whether FATCO was abiding by the requirements of WAC 284-30-800, which prohibits inducements, payments, or rewards exceeding \$25 per person, per year, for the placement of title insurance.
3. FATCO offers licensed real estate professionals "clock hour classes," continuing education seminars that they must have to maintain their licenses. On November 15, 2006, FATCO presented a 4-clock hour class at its Tacoma, Washington office on the subject of escrow to eight realtors, free of charge.
4. On December 6, 2006, FATCO presented a 4-clock hour class at Keller Williams' Puyallup, Washington office on the subject of escrow to four Keller Williams realtors, free of charge.
5. On January 10, 2007, FATCO presented a 4-clock hour class at its Sumner, Washington office on the subject of escrow to seventeen realtors, free of charge.

6. On February 14, 2007, FATCO presented a 4-clock hour class at Godfather's Pizza in Bonney Lake, Washington on the subject of escrow to sixteen realtors, free of charge.

7. FATCO offered 31 clock hour classes to realtors during the period under review for which it charged a fee, usually between \$15 to \$40 dollars per person. In setting the price for the classes, FATCO failed to include the cost of the advertisement, the room, or the FATCO instructor's preparation and teaching time.

CONCLUSIONS OF LAW

1. By giving clock hour classes to real estate professionals, either free or below their respective fair market value, FATCO violated WAC 284-30-800.

2. RCW 48.05.185 authorizes the Insurance Commissioner to impose a fine in lieu of or in addition to suspension or revocation of a company's license for a violation of RCW 48.05.185 and authorizes the Insurance Commissioner to impose a fine in lieu of or in addition to suspension or revocation of a company's license for a violation of the Insurance Code.

CONSENT TO ORDER

NOW, THEREFORE, FATCO consents to the following Order in consideration of its desire to resolve this matter without further administrative or judicial proceedings and in order to avoid the costs and uncertainties of litigation, and the Insurance Commissioner consents to settle the matter in consideration of FATCO's payment of a fine and such other terms and conditions as are set forth below:

1. FATCO consents to the entry of this Order, and waives further administrative or judicial challenge to the OIC's actions in regard to the entry and enforcement of the Order;

2. Within thirty days of the entry of this Order, FATCO agrees to pay to the OIC a fine in the amount of \$10,000, \$7,500 of which is suspended pending no further violation of the statutes and regulations that are the subject of this Order;

3. FATCO will carry out and fulfill the requirements of the Compliance Plan which is attached hereto for a period of two years;

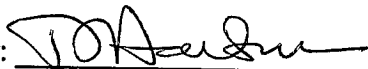
4. The OIC will not impose the balance of this fine nor take action against the certificate of authority of FATCO should it commit isolated, de minimis violations of the statutes or regulations that are the subject of this Order during the suspense period, as determined by the OIC. FATCO commits to rectifying such violations promptly once they are discovered;

5. Whether further violations of the statutes and regulations that are the subject of this Order, and whether they are isolated or de minimis, will be determined within the sole discretion of the OIC. FATCO understands and agrees that any future failure to comply with the statutes and regulations that are the subject of this Order constitutes grounds for further penalties that may be imposed in direct response to that further violation, in addition to the imposition of the suspended portion of the fine;

6. The suspended portion of this fine will be imposed at the sole discretion of the OIC, according to the conditions set forth above, without any right to advance notice, hearing, or appeal. Failure to pay the unsuspended portion of the fine as set forth above shall constitute grounds for revocation of FATCO's certificate of authority.

EXECUTED this 21st day of June, 2007.

FIRST AMERICAN TITLE
INSURANCE COMPANY

By: 

Typed Name: Thomas S. Hartman

Typed Corporate Title: Division President

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. First American Title Insurance Company is ordered to pay a fine in the amount of \$10,000, \$7,500 of which is suspended pending compliance with the statutes and regulations that are the subject of this Order for a period of two years.
2. The Company will abide by the terms and conditions of the Compliance Plan attached to and made a part hereof for a period of two years.
3. The Company's failure to pay the unsuspended portion of the fine within thirty days of the entry of this Order shall result in the revocation of the Company's certificate of authority and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.
4. This Consent Order is for settlement purposes, and the fact of, and any provision, finding, or conclusion contained in this Consent Order (or its attachment), and any action taken hereunder: (a) are not intended to be, and shall not be construed as, or be admissible in evidence as, any admission of any fact or legal principle in the action now

pending in the Western District of Washington titled *Blaylock et al. v. First American Title, et al.*, (No. 06—1667 JLR) and any progeny thereof; and (b) do not, and are not intended to, determine any factual or legal issues or have any preclusive or collateral estoppel effects in regard to *Blaylock* or its progeny.

ENTERED AT TUMWATER, WASHINGTON, this 25th day of June, 2007.

MIKE KREIDLER,
Insurance Commissioner

By:


Marcia G. Stickler
Staff Attorney
Legal Affairs Division

COMPLIANCE PLAN

A. Purpose of and Consideration for the Plan

First American Title Insurance Company (FATCO) enters into this Compliance Plan with the Office of Insurance Commissioner ("OIC") for the State of Washington to promote compliance by the Company with the requirements of the laws and regulations of the State of Washington. FATCO is also entering into a Consent Order No. D07-154 with the OIC. This Plan is attached to the Consent Order and is fully incorporated into said Consent Order, and FATCO's obligations under this Compliance Plan are made a part of the Consent Order and constitute obligations under said Consent Order as though this Compliance Plan and the Company's obligations under it were fully set forth in said Consent Order.

B. Term of Plan

The effective date of this Plan shall be the date of entry of the Consent Order, on which date this Plan shall become final and binding. FATCO's obligations under this Compliance Plan shall continue from its effective date until termination of the period during which conditions are imposed by the Consent Order.

C. Compliance Plan

1. Internal Audit

- a. Information to OIC: The Company will conduct four semi-annual internal audits, the first to be performed within sixty (60) days of the entry of the Consent Order. Every six (6) months thereafter the Company will perform a follow up audit. The Company will establish an audit plan and take corrective action with regard to the violations included in the Consent Order. Copies of each internal audit report on the semi-annual audits to be performed during the period of this Plan shall be provided to Christine Tribe of the OIC Legal Affairs Division within thirty (30) days of the report being issued. Reports shall be issued no later than thirty (30) days following the completion of each audit.
- b. Internal Audit Obligations: FATCO will provide its staff conducting the audit with the Consent Order and shall focus the audit on clock hour classes in the semi-annual audits conducted pursuant to this Compliance Plan.
- c. Audit Scope: Each semi-annual audit shall encompass all clock hour classes offered during the six (6) month period covered by the audit.
- d. Correction of Exceptions: Any exception or deficiency identified by the internal audits conducted pursuant to this Plan shall be corrected. FATCO agrees to advise

the OIC within thirty (30) days of the audit report of any corrective measures contemplated to address any such exceptions or deficiencies or any other areas requiring correction. The OIC shall then review these measure(s) and notify FATCO of any comments associated thereto within thirty (30) days. Unless the OIC requests modifications to the proposed corrective measure(s), FATCO shall have thirty (30) days from the end of the OIC's review period to implement the measure(s). However, should FATCO need longer than thirty (30) days to correct any exception or deficiency, it may contact the OIC Legal Affairs Division and request an extension to the thirty (30) day requirement.

D. Miscellaneous

1. Authority to Enter Plan: FATCO gives express assurance that under applicable laws, regulations and where applicable, its Articles and By-Laws, it has the authority to comply fully with the terms and conditions of this Plan, and that it will provide written notification to the other parties within ten (10) days of any material change to this authority or of any violation of this Plan.

FIRST AMERICAN TITLE INSURANCE COMPANY

BY: _____



TITLE: _____

Division President

DATE: _____

6/21/07